

## Status of Audit Resolution

December 2002

Agency: 405

### Department of Transportation

Audit Number	Finding Number
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2001S	10	Finding:	The Department of Transportation's Washington State Ferries Division does not have adequate controls over sales and revenue collection.
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Resolution/Status: The Department concurs with this finding and has begun a major project to replace the revenue collection system (RCS), which includes the point-of-sale (POS) system. Replacement of the current system provides the Department the most efficient and effective opportunity to introduce strong revenue collection controls and improve audibility. Further, as part of the RCS replacement project, the Department intends to take advantage of available and proven technology to automate fare collection where appropriate and cost effective. The status of the RCS replacement project is:

- Acquired a consultant to lead the development of system requirements,
- Near completion of new system requirements, and
- Begun development of a new RFP to acquire a vendor for the new RCS system.

Milestones to be accomplished and goal dates:

- Develop new system and begin pilot by November, 2003
- Pilot regional smart card system by August, 2004
- Install new system throughout Washington State Ferries operations beginning in April 2004, with estimated completion by November 2004.

As the RCS replacement project will be a multi-year effort, the Department has enhanced controls in the current system. Specific components of the current finding have been addressed as follows:

- Implemented a manual receipt process for when RCS is off-line or inoperable, and
- Implemented periodic cash and coupon counts to verify accurate count and cancellation of coupons and included this procedure in the Internal Control Department's routine monthly program.

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The Department has also implemented the following enhancements of internal controls:

- Negotiated agreement extensions with each of the Contracted Agents,
- Issued enhanced accounting procedures and reporting requirements for contracted agents,
- Implemented improvements to revenue reporting to enhance monitoring of sales and collection of inter-island fares, and
- Increased inventory audits.

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